# Ameritech.

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**Marvin E. Bailey**
Director-Federal Relations

October 6, 1997

**RECEIVED**

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC   20554

> RE:   **Ex Parte Presentation**
>        CC Docket 96-45

Dear Mr. Caton:

On Friday, October 3, 1997, Cheryl Lenza of the FCC Common Carrier Bureau
and I spoke by telephone regarding interpretations of the recent USTA filing
regarding comments on the discount methodology proposed by the Department
of Education et al Working Group.  In their filing, USTA proposed their own
revisions as to how discounts are calculated in Section 54.505 of the Universal
Service Order, CC Docket 96-45.

Ameritech supports the USTA filing and submits the following as proposed
language revisions to that specific section of the rules.

Sincerely,

Attachment
cc:      C. Lenza

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Section 54.505  Discounts

(a) Discount Mechanism.  (no changes)

(b) Discount Percentages.  The discounts available to eligible schools and libraries shall range from 20 percent to 90 percent of the pre-discount price for all eligible services provided by eligible providers, as defined in this subpart.  The discounts available to a particular school, library or consortium of only such entities shall be determined by indicators of poverty and high cost.

    (1) For schools, the level of poverty shall be measured by the percentage of their student enrollment that is eligible for a free or reduced price lunch  under the national school lunch program or a federally approved alternative mechanism.

    (2) For libraries and library consortia, the level of poverty shall be based upon the percentage of student enrollment that is eligible for a free or reduced price lunch  under the national school lunch program or a federally approved alternative mechanism in the public school district in which they are located.  If the library is located in multiple public school districts, then their level of poverty shall be based upon the average of the percentage of students eligible for the national school lunch program in each of the school districts that children living in the library's location attend.  Library systems (or districts) applying for discounted services on behalf of their individual branches shall calculate the system-wide percentage of eligible students using an unweighted average based on the percentage of student enrollment that is eligible for a free or reduced price lunch under the national school lunch program in each of the public school district(s) in which they are located for each of their branch location(s).

    (3) Urban/rural classifications. (no changes)

(c) Matrix. (no changes)

(d) School district(s), multiple school districts, or consortia of schools or schools and libraries.  A single and consistent discount percentage for all service requests of service providers will be calculated for each school district(s), multiple school districts operating as a consortia, or for consortia of schools and libraries.  This single discount percentage can be calculated according to the following rules:

    (1) Discounts for schools that aggregate their purchases of eligible services with other schools will be determined by weighting the discount percentages of the individual schools as determined in the matrix by the percentage of each schools' students of the total number of students for all participating schools.  For example, school districts applying for eligible services on behalf of their eligible schools will calculate the district-wide discount percentage  by multiplying each schools' discount as determined by the matrix by the percent of students in each school as a percent of the total school district..  The sum of the weighting of all schools is the discount for the entire district.  The discount will be rounded to the nearest (1 or 5)%.  Similarly, if multiple school districts or some portions of schools in multiple school districts apply as consortia for discounts for services, each school's discount will be weighted by the percentage of its students of the aggregate total of all students in all participating schools.

(2) Libraries aggregating purchases with school(s), school districts(s): If library or library consortia elect to aggregate their purchases of eligible services with other school(s) or school district(s), then the discount for the library or library consortia will be determined by the level of poverty and high cost (urban/rural) of those participating school(s) or school district(s). Each library or library consortia will receive the discount percentage of the participating school(s) or school district(s) as determined in (b)(1) above.

(i) In order to prevent gaming of the discounts, each eligible library or library consortia aggregating its purchases with school(s) or school district(s) must be participating in the consortia with a nearby school. That is, each participating library must be located within a school district from which at least one school in that district is a member of the consortia.

(3) If consortia of schools, school districts, libraries, or any combination of each elects to allocate billing from service providers for portions of services used back to its individual members or districts, then each consortia should strive to ensure that each participating member of the consortia receives the individual discount to which it is entitled. This is true also for libraries and library consortia participating in consortia with schools or school districts.

(e) Consortia including rural health care providers, public sector governmental customers, and ineligible private sector members.

(1) The rules allow for rural health care providers and public sector governmental customers to participate in consortia with schools and libraries but not to receive the benefits of any discounts afforded to schools and libraries. Under specific provisions where pre-discount prices are exclusively provided at generally tariffed rates, ineligible private sector members may also participate in consortia with schools and libraries but not receive the benefits of any discounts afforded to schools and libraries.

(2) In these cases, the governance authority with fiduciary responsibility for the consortia serving as the applicant and the billed party for the consortia must separate projected usage of the requested services for schools and libraries from that of all other members of the consortia. Methods for determining discounts for schools and libraries will be as cited above and will not be affected by these consortia membership arrangements. However, the consortia will remain responsible for allocating bills internally for services provided correctly among all users so as to ensure that the discounts accrue only to eligible schools and libraries.

(f) Term of Discounts: All discounts for individual schools/libraries, school/library districts or for consortia of school districts or schools and libraries will be in effect for the calendar year to the extent that funding is available from the Fund Administrator. Revisions to discount percentages created by the changing of such determinant factors as percent students eligible for free and reduced price lunch or consortia membership changes will be accepted with the annual reapplication process in July of each year. Service providers must honor such discount changes effective on January 1 of each succeeding calendar year.

(g) Interstate and Intrastate Services. (no changes)


Section 54.601 (b)(3) eliminate language regarding telcommunications carriers recordkeepng responsibilities with consortia re: allocation of costs.